

**Agency: Commerce, Community and Economic Development****Grants to Municipalities (AS 37.05.315)****Grant Recipient: Ketchikan (City of)****Project Title:****Ketchikan (City of) - Ketchikan General Hospital Surgical Suite Expansion/Relocation****State Funding Requested: \$ 4,400,000****House District: 1 - A**

One-Time Need

**Brief Project Description:**

Funding for expansion of the Surgical Suite and the final phase of Ketchikan General Hospital's Site and Facility Master Plan.

**Funding Plan:****Total Cost of Project: \$25,400,000**

	<u>Funding Secured</u>		<u>Other Pending Requests</u>		<u>Anticipated Future Need</u>	
	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>
Local Funds	\$21,000,000					
Total	\$21,000,000					

**Detailed Project Description and Justification:**

Item is \$4,400,000 for expansion and relocation of the Surgical Suite at Ketchikan General Hospital.

This project is the third phase of the Ketchikan General Hospital's Site and Facility Master Plan, which was initiated fifteen years ago to renovate and expand critical care areas of the facility. The community has raised approximately \$21,000,000 to accommodate changes in delivery of care, increased demand for services and new and improved technology.

KGH provides the only surgical services in southern Southeast Alaska. Serving a service area population of 20,000 Alaskans, Ketchikan General Hospital provides a wide range of in-patient and out-patient surgical procedures. Twenty physicians are based in Ketchikan, including two OB/GYN, two orthopedic surgeons and two general surgeons. Additionally, visiting ophthalmologists, a plastic surgeon, cardiologists, urologists and ENT physicians use the hospital's surgery facilities. If surgical needs cannot be accommodated at Ketchikan General Hospital, patients are required to travel out of town, causing increased costs, disruptions to family life and work, and delays in receiving necessary care.

The existing operating rooms and facilities date back 42 years to when the hospital was first constructed in 1963. The operating suites are undersized for the type of procedures, equipment and procedures necessary in Ketchikan today. While equipment updates and minor space modifications have kept the surgery suite safe for patient care, it is far from optimal. Room sizes and configuration result in poor scheduling for patients and physicians and present a constant challenge in accommodating advanced technology and equipment. In addition, the endoscopy suite, located adjacent to the surgical area, lacks critical support space and demand for these procedures indicates a need for a second procedure room. The

pre-operative and post-operative stations offer only visual separation but no acoustical privacy. The surgical support areas are sized to accommodate half the volume they support today. Ketchikan boasts some of the finest surgeons in the State; however, the community's ability to retain and attract this high caliber of providers is integrally linked to the hospital's ability to meet their needs with up-to-date facilities and equipment.

The City of Ketchikan is seeking \$4,400,000 to be applied towards the cost of the project. The City and PeaceHealth will fund the required design and engineering costs, as well as all minor movable equipment costs and relocation expenses.

**Project Timeline:**

FY09-FY10

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

City of Ketchikan, PeaceHealth, or Designee

**Grant Recipient Contact Information:**

Contact Name: Patrick Branco, Director  
Phone Number: (907) 225-5171  
Address: 3100 Tongass Avenue KTN,AK

Has this project been through a public review process at the local level and is it a community priority? ☒ Yes ☐ No

## KETCHIKAN GENERAL HOSPITAL SURGICAL SUITE EXPANSION/RELOCATION

Funding Sources	
Requested	\$4,400,000
Matching/Local	\$3,100,000
Total	\$7,500,000

### PROJECT SUMMARY:

Undertake expansion and relocation of Ketchikan General Hospital's (KGH) surgical suite and support areas.

### PROJECT HISTORY/STATUS:

KGH provides the highest level of surgical services in southern Southeast Alaska. Serving a service area population of 20,000, KGH accommodates a wide range of inpatient and outpatient surgical procedures. Twenty physicians are based in Ketchikan, including two OB/GYNs, two orthopedic surgeons and two general surgeons. Additionally, visiting ophthalmologists, a plastic surgeon, cardiologist, urologists and ENT physicians use the hospital's surgery and procedure facilities. If surgical needs cannot be accommodated at KGH, patients are required to travel out of town, causing increased costs, disruptions to family life and work, and in some cases, causing delays in receiving necessary care.

The existing operating rooms and surgery core date back 42 years to when the hospital was first constructed in 1963. The operating suites are undersized for the type of procedures, equipment and practice that occurs in Ketchikan today. While equipment updates and minor space modifications have kept the surgery suite safe for patient care, it is far from optimal. Room sizes and configuration result in inefficiencies and present a constant challenge in accommodating advanced technology and equipment. In addition, the endoscopy suite lacks critical support space and demand for these procedures indicates a need for a second procedure room. The pre-operative and post-operative stations offer only visual separation but no acoustical privacy. The surgical support areas are sized to accommodate half the volume they support today.

Ketchikan boasts some of the finest surgeons in the State; however, the community's ability to retain and attract this high caliber of providers is integrally linked to the hospital's ability to meet their needs with up-to-date facilities and equipment.

The City of Ketchikan has a 1% hospital sales tax. It is not adequate to fund all of the capital needs of an aging building and other funds are required. The economy in Ketchikan has suffered over the past few years. As a result, the amount of uncompensated care has risen as well. 2.8 million dollars was expended in 2007 (1.5 in charity care and 1.2 in bad debt).

Support from the State is critical to maintain and improve the quality of healthcare in southern Southeast Alaska.

**Ketchikan General Hospital  
Surgical Suite Expansion and Renovation**

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***Criticalness of Project***

- 1 Expansion, renovation and upgrade of surgical suites is critical to our long-term operations, physician retention and meeting service area needs.
- 2 Challenged to make our 55 year-old facilities accommodate the type of surgeries, amount of equipment and number of staff required by how we practice today.
- 3 KGH provides the highest level of surgical care from Hyder to south of Sitka, from Prince of Wales to Wrangell and Petersburg – all residents and visitors rely on us in emergent and urgent situations.
- 4 Health care today is so different than when the hospital opened in 1963. Changes in regulations and reimbursement, technology, and patient expectations.
- 5 The ability to have a strong surgical service is critical to our sustainability. It supports our ability to have a high level of other diagnostic and support services including radiology, imaging, lab, pathology and rehabilitation (especially PT and OT).

***Surgery Facts***

- 1 KGH performed over 1,700 surgical and procedural cases last year.
- 2 The majority of KGH surgeries, approximately 64%, are outpatient.
- 3 The majority of outpatient surgeries are scheduled.
- 4 KGH has 3 operating suites, 1 procedure room, and 9 stations used for pre-op, recovery and post-op.
- 5 PH Medical Group employs 2 general surgeons, 2 orthopedic surgeons and 2 obstetrician/gynecologists. Other physicians, including urologists, a plastic surgeon and ENT specialists perform surgeries at KGH.

***Key Project Elements***

- 1 Proceeding with next phase of the 1988 Site and Facility Master Plan – earlier phases occurred first due to their more immediate need and the outcome of freeing up space for surgery expansion and possible relocation
- 2 Estimated project cost of \$ 7.5 million (\$4.4 million requested from State).
- 3 Timeline – If funding were secured today, it is estimated that new surgical area would be operational by 2010.



April 25, 2008

The Honorable Sarah Palin  
Governor of the State of Alaska  
PO Box 110001  
Juneau, Alaska 99811-0001

Dear Governor Palin:

I am writing this letter to encourage your favorable consideration of the various capital projects for the City of Ketchikan that are funded in the FY '09 capital budget approved by the Legislature.

I know that, as a former mayor, you appreciate the significance of well-conceived capital projects for their positive impacts on the quality of life in the community.

Projects specific to the City of Ketchikan approved by the Legislature include:

- City of Ketchikan Fire Station No. 1 Replacement Project: \$5,328,216
- City of Ketchikan – Ketchikan General Hospital Surgical Suite Expansion: \$4,400,000
- City of Ketchikan – Port of Ketchikan Berths I and II Replacement Projects: \$3,000,000
- Knudson Cove Harbor Reconstruction: \$350,000
- City of Ketchikan – Design of Baranof Water Reservoir Replacement: \$150,000

I also want to note our support for two projects, which, while technically not City of Ketchikan projects, have received substantial financial contributions from the City due to the importance they play in helping the community in its economic recovery after the loss of the timber industry.

- Alaska Industrial Development and Export Authority – Ketchikan Shipyard Power Generation & Infrastructure Improvements: \$3,000,000
- Oceans Alaska – Shellfish Industry Training Center: \$1,000,000

Needless to say, the City also supports appropriations approved for other local governments and organizations.

I want to briefly emphasize a couple of important points.

1. Extensive local public process: We had an extensive public process at the local level to determine our capital project priority requests that we forwarded to our legislators. We held a number of public meetings at which citizens of Ketchikan were given the opportunity to review and suggest projects. There was significant local participation.

From there the list of potential capital project requests was then forwarded to the City Council for its consideration and approval. In sum, all of our project requests, including those which were

funded, went through a public process and eventual consideration and prioritization by local government. In fact, all major appropriations approved by the Legislature for City of Ketchikan-specific projects were in the top 6 priorities for entire community, i.e., after consideration of projects submitted by other local governments and organizations.

2. Significant local funding: The three major City projects in the approved capital budget involve a significant level of local funding. The City anticipates fully matching the \$5.3 million in state funds appropriated to replace our 66-year-old central fire station. The City anticipates significant local funds being used to match \$4.4 million in state funds for the proposed surgery suite at Ketchikan General Hospital that will replace the existing 42-year-old surgery area; in the first two phases of the master plan we have financed in excess of \$21 million for capital improvements to the City-owned facility. The \$3 million appropriation for the Port of Ketchikan is designated for an estimated \$20 million project to replace old cruise ship berths in Ketchikan. The City has already expended or committed \$4.2 million in local funding for this project; we have also recently completed a \$38 million port improvement project that was 100% locally financed. In sum, I believe that the City is stepping up to the plate with our own funds to commit to these projects.

In closing I would like to thank you for your hard work on behalf of the entire State of Alaska. I hope that as you review the capital projects for the City of Ketchikan you will agree that the projects all serve a public purpose and that they are critical infrastructure projects which are deserving of state financial participation.

Thank you for your consideration. If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Bob Weinstein".

Bob Weinstein  
Mayor

cc: Karen Rehfeld, Director of OMB  
Senator Bert Stedman  
Representative Kyle Johansen





# KETCHIKAN GATEWAY BOROUGH

344 FRONT STREET • KETCHIKAN, ALASKA 99901

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OFFICE OF THE BOROUGH MANAGER

April 24, 2008

The Honorable Sarah Palin  
Governor  
State of Alaska  
P.O. Box 110001  
Juneau, AK 99811-0001

**Re: Ketchikan-Area Projects in the FY 2009 State Capital Budget**

Dear Governor Palin:

As you review Ketchikan-area projects in the State Capital Budget, please keep in mind the following:

1. Ketchikan projects underwent a careful local review: For 30 years, it has been the custom in Ketchikan that proposals for legislative funding of projects must undergo a rigorous local review. For FY 2009, a coalition of more than 25 local organizations including the Ketchikan Gateway Borough, City of Ketchikan, City of Saxman, and others such as the Planning Commission, School Board, Native organizations, Chamber of Commerce, and seniors met on five occasions to review and ultimately endorse the projects proposed for funding through the FY 2009 State Capital Budget.
2. Ketchikan projects were also subject to independent review at the State level: Ketchikan projects included in the FY 2009 State Capital Budget have been independently reviewed by State officials. For example, funding for major maintenance on the Schoenbar School was ranked by the Alaska Department of Education and Early Development as the most needy major maintenance school project in all of Alaska. In every case, Senator Stedman and Representative Johansen endorsed the projects included in the FY 2009 Capital Budget only after they independently determined that the projects served a vital public purpose.
3. Ketchikan projects focus on critical needs, particularly with respect to education, health, public safety, and economic development: Ketchikan projects included in the State Capital Budget relate to essential public services or to efforts to rebuild an economy that was dealt a terrible blow with the significant decline of the timber industry. In most cases, the tie between each capital project and core

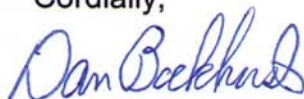


services or economic development is evident (e.g., fire stations, school projects, shipyard development, and hospital expansion). In a few cases, the link may be less evident to those not well acquainted with the proposal. For example, the Capital Budget includes funds to complete the Fawn Mountain sports field. That facility adjoins our Fawn Mountain School and serves the physical education needs of students in the Ketchikan Gateway Borough School District. It also promotes general health among other users of the facility.

4. Ketchikan has committed local funds to proposed capital projects: Ketchikan has committed a significant level of local funding for projects included in the State Capital Budget. Additionally, as you weigh the level of local support for projects in the Capital Budget, please consider the fiscal burden already in place on the taxpayers of Ketchikan. For example, the cost of unfunded-State mandates imposed on the Ketchikan Gateway Borough government will amount to nearly \$11 million in FY 2009 (details are available upon request).
5. While the Legislature has been generous in terms of capital funding for FY 2009, it certainly has not been irresponsible: Many capital project needs in the Ketchikan were deferred during the lean years that Alaska faced since the mid-1980s. This year, however, the resources of the Alaska state government allow a responsible effort to address those deferred capital needs. While the Capital Budget amounts to some \$3 billion, the Legislature has also managed to save \$5 billion. In your State-of-the-State Address in January of this year, you emphasized the importance of sharing the State's wealth with communities. In the context of deferred capital needs and the \$5 billion in savings for FY 2009, the Capital Budget is a responsible action by the Legislature.

If you desire clarification of any of the points raised above, or if you would like additional information concerning any Ketchikan area project included in the FY 2009 State Capital Budget, please feel free to contact me.

Cordially,



Dan Bockhorst  
Borough Manager

cc: Karen Rehfeld, Director, Office of Management and Budget  
The Honorable Bert Stedman, State Senator, District A  
The Honorable Kyle Johansen, State Representative, District 1